

# STATEMENT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



**DANIIL KRAINSKIY**

Chairman of the Board of Directors  
Rosseti Kuban, PJSC

## DEAR SHAREHOLDERS, INVESTORS AND PARTNERS,

In 2022, Rosseti Kuban, the leading power grid provider in the Krasnodar Territory and the Republic of Adygeya, continued to provide high-quality services while successfully adjusting to new difficulties and social and political shifts.

# 77.1% of RGR

Company's share of the regional market

# 2.88 RUB bn

total amount of accrued dividends from  
net profit for 2021 and 9M 2022

Maintaining sustainable and stable development, hitting production targets, ensuring the safety of the Company's employees, and enhancing the quality of services, including customer service and information transparency, were the main tasks assigned to the Company's management and completed by the end of the reporting period.

At 77.1% of the required gross revenues for the region, the Company maintained its dominance in the regional market for electricity transmission services. In the near future, the Company will be able to preserve its status as the largest power grid company thanks to the existing development dynamics and the expansion of grid connection volumes in the regions where it operates.

The upholding of obligations to complete equipment repairs and invest in renovation and new construction on time and in full compliance with its annual programmes was the Company's persistent priority for 2022. Capital finding reached a total of RUB 12.08 billion at the end of the year.

The Board of Directors of Rosseti Kuban placed its focus on safeguarding shareholder interests, enhancing the financial and economic condition, and boosting stakeholder confidence in the business during the reporting year.

The General Meeting of Shareholders decided, on the Board of Directors' recommendation, to pay RUB 2.88 billion worth of dividends from net profits for 2021 and the first nine months of 2022.

The Company kept up the additional share offering it began in 2021, placing 28.6 million shares and receiving RUB 2.86 billion in exchange. The additional shares are being issued in order to finance projects that would improve the Republic of Adygeya's energy infrastructure, renovate the power supply centres in the energy district of Sochi, and strengthen Rosseti Kuban's financial position by lowering its debt load.

The Board of Directors held 44 meetings in 2022, during the course of which more than 160 matters were discussed. The Board of Directors spent the majority of its time overseeing the management team's activities, approving plans and internal documents, organising and holding the General Meeting of Shareholders, and addressing issues relating to human resources.

The approval of the Company's long-term programmes, updated 2020–2030 Digital Transformation programme, power grid renovation programme, energy saving and efficiency programme, roadmap for development of additional (non-tariff) services, information security programme, as well as approval of an amended version of the Regulations on Information Policy are a few of the Board of Directors' most significant decisions in the reporting year.

The rollout of IT products, the creation and customisation of new technologies, the development of digital models, and the standardisation of information flows are only a few examples of the Company's strong commitment to sustainability.

In order to achieve the strategic objectives set for the Company and a consistent positive financial result of its operations, Rosseti Kuban put the 2022–2026 Operating Efficiency Improvement and Cost Reduction Programme in place.

With a target of RUB 2.28 billion, the 2022 bottom line showed a profit of RUB 5.24 billion. EBITDA amounted to RUB 16.14 billion, against a target of RUB 10.59 billion.

Given the Kuban region's rapid development, the timely and cost-effective connection of new consumers to the power grid, including housing projects, agricultural businesses, socially significant educational and healthcare facilities, continue to be Rosseti Kuban's mainstay. This promotes social and economic development in the regions where the Company operates.

In 2022, the Company increased the amount of connected capacity as part of the grid connection for both household consumers and industrial, construction, small and medium-sized businesses. The largest applicants were the Talent and Success Educational Foundation (10 MW), PJSC Novorossiysk Grain Processing Plant (9.8 MW), LLC Yugstroy-Electroset (9.8 MW), JSC NESK Electroseti (9.3 MW), Dogma Group construction company (6.4 MW), Gazprom Social Initiatives Support Fund (4.5 MW) and others.

Rosseti Kuban aims to consistently increase non-tariff revenues through the provision of additional services. By 2027, it is intended to expand the share of these revenues to 9% of other activities.

The Company's primary goals for 2023 are to make sure that there are no accidents during peak load seasons, to receive on time a certificate of readiness to work in the autumn-winter period of 2023–2024, to deliver on planned investment and repair programmes, including participation in significant regional and federal projects to expand the region's road and port infrastructure, the mountain cluster of the Republic of Adygeya resort area, and further development of the Sirius federal territory.

The Board of Directors continues to set a high priority on making decisions that will help the Company maintain a sound financial position, make grid connection more available and upgrade the power supply, as well as on working to cut down on transmission losses and develop non-tariff services.

# 5.24 RUB bn

net profit for 2022  
(with a target of RUB 2.28 bn)

# 16.14 RUB bn

EBITDA for 2022